

**North Carolina Security Breach Reporting Form
Pursuant to Identity Theft Protection Act of 2005**

Name of Business or Government Agency Owning or Licensing

Information Affected by Breach:

Lyons & Lyons PC ("Lyons")

Address: 898 Ethan Allen Highway (Route 7), Ridgefield, CT 06877

Telephone: 203-438-0444

Fax: 203-431-8016

Email: dlyons@lyonsandlyonspc.com

PLEASE SUBMIT FORM TO:

Consumer Protection Division

NC Attorney General's Office

9001 Mail Service Center

Raleigh, NC 27699-9001

Telephone: (919) 716-6000

FAX (919) 716-6050

Data Breach Security Form submitted: March 19, 2013

Date the Security Breach was discovered: February 20, 2013

Estimated of affected individuals: 1,226

Estimated number of NC residents affected: 15

Name of business or government agency maintaining or possessing information that was the subject of the Security Breach, if the agency that experienced the Security Breach is not the same entity as the agency reporting the Security Breach (pursuant to N.C.G.S. § 75-65(b):

N/A.

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format:

An unauthorized individual may have accessed Lyons computer systems and obtained certain tax returns that Lyons filed last year.

Regarding the electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. If so, please describe the security measures protecting the information:

No.

Describe any measures taken to prevent a similar Security Breach from occurring in the future:

Lyons has taken numerous measures to further enhance the security of the data it holds, including upgrading its firewalls, replacing its servers, increasing password complexities, and implementing other security measures.

Date affected NC residents were/will be notified: March 14, 2013

If there has been any delay in notifying affected NC residents, describe the circumstances surrounding the delay pursuant to N.C.G.S. § 75-65(a) and (c):

After learning of the incident, Lyons was directed to the United States Secret Service ("USSS"), which informed Lyons that they had already initiated an investigation. As part of its ongoing investigation, the USSS requested that Lyons delay informing its clients of this situation pending certain portions of their investigation.

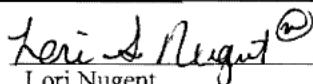
If the delay was pursuant to a request from law enforcement pursuant to N.C.G.S. § 75-65(c), please include the written request or the contemporaneous memorandum. The request was verbal.

How NC residents were/will be notified? ☒ written notice
(pursuant to N.C.G.S. § 75-65(e)) ☐ electronic notice (email)

Please attach copy of the notice if in written form or a copy of

any scripted notice if in telephonic form. ☐ substitute notice

Signature:



Date: March 19, 2013

Contact Person

Lori Nugent

Address:

55 West Monroe, Suite 3800

(if different from above)

Chicago, IL 60603

Telephone:

(312) 821-6177

Fax:

(312) 704-1522

Email:

lori.nugent@wilsonelser.com

 **LYONS & LYONS, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS
C/O ID Experts
PO Box 6336
Portland, OR 97228-6336

<<mail id>>
<<Name1>>
<<Name2>>
<<Address1>>
<<Address2>>
<<City>><<State>><<Zip>>
<<Foreign Country>>

<<Date>>

Dear [Name],

We are writing to inform you about a security incident that may have caused the exposure of certain personal information provided to Lyons & Lyons, PC ("Lyons") for tax preparation services. We take the security of the information in our control very seriously, and sincerely apologize for any inconvenience this may cause you.

On February 20, 2013, we learned that two of our clients received notification that their tax return had been filed. We had not filed those returns. We immediately initiated an investigation, including an investigation of our computer system. On February 22, 2013, we contacted the Internal Revenue Service ("IRS") and learned that an investigation was under way, and involved the United States Secret Service ("USSS"). We then communicated with the USSS and have been cooperating with the law enforcement investigation since that time. We learned that an unauthorized individual may have accessed our computer systems and obtained certain tax returns that we filed last year. Unfortunately, the individual may have obtained the first and last names, social security numbers, address, and other personal information provided to Lyons for tax preparation services. As part of its investigation, the USSS requested that we delay informing our clients of this situation pending certain portions of their investigation. We recently received authority to inform you of this situation, so we are sending this letter to you. This letter also informs you of services that we have arranged for you. We understand that the authorities know who did this, and they anticipate that their investigation will result in an arrest soon.

As stated above, we take the security and privacy of information in our control very seriously. In addition to contacting the IRS and cooperating with the law enforcement investigation, we have taken a number of steps to address this situation. We have deployed additional measures to further enhance the security of the data we hold. We are in close communication with the IRS and have requested that the IRS take steps to prevent fraud in connection with individuals whose information may have been exposed. The IRS is consulting with its legal department to determine the extent to which existing regulations permit it to act in this situation. Additionally, we have arranged for you to receive identity theft protection services through ID Experts®, a data breach and recovery services expert, to provide you with FraudStop™ Credit Edition at no cost to you. ID Experts fully managed recovery services will include:

- 12 months of credit monitoring
- \$20,000 insurance reimbursement policy
- Exclusive educational materials
- Access to fraud resolution representatives

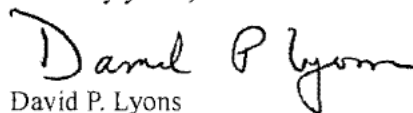
With this protection, ID Experts will help you resolve issues if your identity is compromised. We encourage you to contact ID Experts with any questions and to enroll in the free services by calling 1-888-760-4871 or going to www.myidcare.com/lyonsprotection. ID Experts is available Monday through Friday from 9 am - 9 pm Eastern Time. Please note the deadline to enroll is June 14, 2013. You will find detailed instructions for enrollment on the enclosed Recommended Steps document. You will need to reference the following membership code when calling or enrolling on the website, so please do not discard this letter. **Please Note:** Individuals under the age of 18 are under

the age to secure credit and generally do not have a credit history established. Thus, credit monitoring is unavailable for these individuals. All other services provided in the membership will apply.

Your Membership Code: [REDACTED]

We sincerely regret any inconvenience or concern that this matter may have caused you. Please contact 1-888-760-4871 with any questions or concerns.

Sincerely yours,

A handwritten signature in black ink that reads "David P. Lyons". The signature is written in a cursive style with a large, stylized "D" and "L".

David P. Lyons
President

Recommended Steps to help Protect your Identity

Please Note: No one is allowed to place a fraud alert on your credit report except you, please follow the instructions below to place the alert.

1. Website. Go to www.myidcare.com/lyonsprotection and follow the instructions for enrollment. Once you have completed your enrollment, you will receive a welcome letter by email (or by mail if you do not provide an email address when you sign up). The welcome letter will direct you to the exclusive ID Experts' Member Website where you will find other valuable educational information.

2. Activate the credit monitoring provided as part of your membership with ID Experts, which is paid for by Lyons & Lyons, PC. Credit monitoring is included in the membership, but you must personally activate it for it to be effective. Note: You must have established credit and access to a computer and the internet to use this service. If you need assistance, ID Experts will assist you.

3. Telephone. Contact ID Experts at 1-888-760-4871 to gain additional information about this event and speak with knowledgeable representatives about the appropriate steps to take to protect your credit identity.

4. Review your credit reports. We recommend that you remain vigilant by reviewing account statements and monitoring credit reports. Under federal law, you also are entitled every 12 months to one free copy of your credit report from each of the three major credit reporting companies. To obtain a free annual credit report, go to www.annualcreditreport.com or call 1-877-322-8228. You may wish to stagger your requests so that you receive a free report by one of the three credit bureaus every four months.

If you discover any suspicious items and have enrolled with ID Experts, notify them immediately by calling or by visiting their Member website and filing a theft report.

If you file a theft report with ID Experts, you will be contacted by a member of the Recovery Department who will help you determine the cause of the suspicious items. In the unlikely event that you fall victim to identity theft as a consequence of this incident, you will be assigned an ID Experts Recovery Advocate who will work on your behalf to identify, stop and reverse the damage quickly.

You should also know that you have the right to file a police report if you ever experience identity fraud. Please note that in order to file a crime report or incident report with law enforcement for identity theft, you will likely need to provide some kind of proof that you have been a victim. A police report is often required to dispute fraudulent items. You can report suspected incidents of identity theft to local law enforcement or to the Attorney General.

5. Place Fraud Alerts with the three credit bureaus. You can place a fraud alert at one of the three major credit bureaus by phone and also via Experian's or Equifax's website. A fraud alert tells creditors to follow certain procedures, including contacting you, before they open any new accounts or change your existing accounts. For that reason, placing a fraud alert can protect you, but also may delay you when you seek to obtain credit. The contact information for all three bureaus is as follows:

Credit Bureaus

Equifax Fraud Reporting
1-800-525-6285
P.O. Box 740241
Atlanta, GA 30374-0241
www.alerts.equifax.com

Experian Fraud Reporting
1-888-397-3742
P.O. Box 9554
Allen, TX 75013
www.experian.com

TransUnion Fraud Reporting
1-800-680-7289
Fraud Victim Assistance Division
P.O. Box 6790
Fullerton, CA 92834-6790
www.transunion.com

It is necessary to contact only ONE of these bureaus and use only ONE of these methods. As soon as one of the three bureaus confirms your fraud alert, the others are notified to place alerts on their records as well. You will receive confirmation letters in the mail and will then be able to order all three credit reports, free of charge, for your review.

6. Security Freeze. By placing a freeze, someone who fraudulently acquires your personal identifying information will not be able to use that information to open new accounts or borrow money in your name. You will need to contact the three national credit reporting bureaus listed above in writing to place the freeze. Keep in mind that when you place the freeze, you will not be able to borrow money, obtain instant credit, or get a new credit card until you temporarily lift or permanently remove the freeze. The cost of placing the freeze varies by the state you live in and for each credit reporting agency. However, if you are a victim of identity theft and have filed a report with your local

law enforcement agency or submitted an ID Theft Complaint Form with the Federal Trade Commission, there may be no charge to place the freeze.

7. You can obtain additional information about the steps you can take to avoid identity theft from the following:

For California Residents:

Visit the California Office of Privacy Protection (www.privacy.ca.gov) for additional information on protection against identity theft

For North Carolina Residents:

Office of the Attorney General of North Carolina
9001 Mail Service Center
Raleigh, NC 27699-9001
www.ncdoj.com/
Telephone: 1-919-716-6400

For Maryland Residents:

Office of the Attorney General of Maryland
Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
www.oag.state.md.us/Consumer
Telephone: 1-888-743-0023

For all other US Residents:

Identity Theft Clearinghouse
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
www.consumer.gov/idtheft
1-877-IDTHEFT (438-4338)
TDD: 1-202-326-2502